

HRSC Southwest Employee Benefits Guide

Information For Employees Considering Separation Incentive through Optional/Voluntary Early Retirement or Resignation

Retirement

Eligibility For Early Retirement. An employee may apply for optional retirement or retirement under Voluntary Early Retirement Authority (VERA) if all of the following conditions are met.

1. Minimum Age and Creditable Service. The minimum age and creditable service requirements for Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirement eligibility are:

CSRS			
OPTIONAL		EARLY	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
55	30 years		

FERS			
OPTIONAL		EARLY	
Age	Service	Age	Service
62	5 years	50	20 years
60	20 years	Any	25 years
MRA*	30 years		
MRA*	10 years		

*To determine the FERS Minimum Retirement Age (MRA), refer to the table below:

If year of Birth is	The Minimum Retirement Age is	If Year of Birth is	The Minimum Retirement Age is
Before 1948	55 years	1965	56 years and 2 months
1948	55 years and 2 month	1966	56 years and 4 months
1949	55 years and 4 months	1967	56 years and 6 months
1950	55 years and 6 months	1968	56 years and 8 months
1951	55 years and 8 months	1969	56 years and 10 months
1952	55 years and 10 months	1970 and after	57
1953-1964	56 years		

FERS employees who have at least ten years of creditable service may be eligible to retire with reduced benefits. This retirement option is known as MRA plus ten. Minimum retirement age under this option is between age 55 and 57. An employee who retires under this option will have his/her annuity reduced five twelfths of one percent for each full month (five percent per year) under age 62. This is a permanent reduction. Employees can avoid this reduction by electing to postpone receipt of a retirement annuity until age 62.

2. Minimum Civilian Service. Employees, CSRS and FERS must have at least 5 years of creditable civilian service to be eligible for VERA.
3. Separation From A Covered Position. Employees, CSRS and FERS, must be separated from a position covered by retirement deductions.
4. One-Out-Of-Two Requirement. A CSRS employee must be covered by CSRS for at least 1 year within the 2 year period immediately preceding the separation on which the annuity is based.

Annuity Reduction. The annuity for CSRS and CSRS Offset employees is reduced one-sixth of one percent for each month (two percent per year) that the employee is under age 55 at time of retirement. This is a permanent reduction and will not change when the retiree reaches age 55. Employees who were automatically covered by FERS will not have a reduction for early retirement. An employee who transferred to FERS and has a portion of the retirement annuity computed under CSRS rules will have the reduction attached to the CSRS portion of the annuity.

Deposit for Military Service. An employee, who plans to make a deposit for military service, must make the deposit to the Defense Finance and Accounting Service (DFAS) before OPM finalizes the retirement application. Contact the HRSC Southwest for more information regarding deposits for military service.

Deposit/Redeposit Service. Employees may have periods of non-deduction service (deposit) or refunded service (redeposit) that may be creditable for retirement eligibility and/or computation of the annuity. HRSC Southwest can provide counseling regarding the impact of payment or non-payment of deposit/redeposit service.

Survivor Benefits. The options available for election of survivor benefits are:

1. Election of a full survivor benefit for current spouse and/or former spouse.
2. Election of no survivor benefit or less than the full survivor benefit. To elect this option, the spouse must sign a notarized consent form that agrees to the waiver of all or part of the survivor benefit.

For a spouse to continue health insurance coverage after the retiree's death, the employee must elect a survivor benefit and have elected family health insurance coverage.

Thrift Savings Plan

A separating employee may elect to purchase an annuity, request one single payment or a series of equal payments, have funds rolled over to an Individual Retirement Plan (IRA) or

leave the money in TSP until a later date. After separation, employees may not make contributions to TSP. However, interfund transfers are allowed after separation. If you have an outstanding loan through the TSP and you leave federal service, you must repay the loan in full, including interest on the outstanding balance. Delay in repaying your loan may affect the processing of your TSP withdrawal. If you do not repay the loan within the required time frame, the TSP will declare a taxable distribution.

Health Insurance

Retirement. Health insurance may be continued into retirement only if the employee was covered by a federal plan (including CHAMPUS) five years immediately prior to the date of retirement or since first opportunity to enroll. Employees who retire under the VERA , or optionally with a Separation Incentive are not required to meet the five year test, as long as, the employee was covered by health insurance prior to October 1, 1996 and was enrolled on the date of retirement.

If an employee is not eligible to continue health benefits, the coverage will be terminated. Employees will have the opportunity to convert to an individual policy and may elect Temporary Continuation of Coverage (TCC) for up to 18 months of coverage. Employees must pay the full premium, which includes the employee and government share, plus a two percent administrative charge. Employees who voluntarily retire from a surplus position and elect TCC will have to pay only the employee's share of the premium. Employees have 60 days from date of retirement to elect TCC.

Resignation. Health benefits coverage will continue for 31 days after the date of resignation at no cost to the employee. Employees will have the opportunity to convert to an individual policy and may elect Temporary Continuation of Coverage (TCC) for up to 18 months of coverage. Employees must pay the full premium, which includes the employee and government share, plus a two percent administrative charge. Employees who voluntarily resign from a surplus position and elect TCC will have to pay only the employee's share of the premium. Employees have 60 days from date of resignation to elect TCC.

Life Insurance

Retirement. Employees may continue life insurance into retirement if insured five years prior to the date of retirement or since first opportunity to enroll. If an employee is not eligible to continue life insurance into retirement, coverage will be terminated. If terminated, coverage will continue for 31 days after the effective date of retirement at no cost and the employee will have the opportunity to convert to an individual life insurance policy during this 31 day period.

Resignation. Life insurance coverage is terminated on the effective date of resignation. Coverage will continue for 31 days after the effective date of resignation at no cost and the employee will have the opportunity to convert to an individual policy during this 31 day period.

HRSC Southwest
525 "B" Street, Suite 600
San Diego, CA 92101-4418
Fax: (619) 615-5548

Request for Retirement Annuity Computation

Name: (last, first, middle)		SSN: - -	Date of birth: (month, day, year)
Daytime phone (DSN and commercial):		Activity/UIC:	
Job title/Grade/Step:			
1. Projected retirement date:	2. Retirement system: <input type="checkbox"/> CSRS <input type="checkbox"/> FERS <input type="checkbox"/> CSRS Offset	3. Type of retirement: <input type="checkbox"/> optional <input type="checkbox"/> disability <input type="checkbox"/> other:	
4. Sick leave accumulated hours: (CSRS only) <input type="checkbox"/> NO <input type="checkbox"/> YES		5. Survivor annuity: <input type="checkbox"/> NO <input type="checkbox"/> YES	
6. Leave without pay in excess of 6 months in a calendar year? <input type="checkbox"/> NO <input type="checkbox"/> YES		7. Any part-time service? <input type="checkbox"/> NO <input type="checkbox"/> YES	
8. Any non-deduction service? (temporary and/or indefinite appointments for which retirement deductions were not withheld from pay) <input type="checkbox"/> NO <input type="checkbox"/> YES Was deposit made? <input type="checkbox"/> NO <input type="checkbox"/> YES			
9. Any service for which retirement deductions were refunded? If redeposit not made – Date of refund (if known): _____ Amount of refund (if known): _____ Was redeposit made? <input type="checkbox"/> NO <input type="checkbox"/> YES			
10. If you have deposit/redeposit service, would you like us to compute the annuity based on: <input type="checkbox"/> paying back non-deducted/refunded service time <input type="checkbox"/> not paying back <input type="checkbox"/> both ways?			
11. Any military service? <input type="checkbox"/> NO <input type="checkbox"/> YES Retired military? <input type="checkbox"/> NO <input type="checkbox"/> YES Number of years in the military: _____ Have you made a deposit for military service performed after 1956? <input type="checkbox"/> NO <input type="checkbox"/> YES			
12. Would you like us to compute the annuity based on: <input type="checkbox"/> civilian service only <input type="checkbox"/> combining military and civilian time <input type="checkbox"/> both ways?			
13. Would you like your retirement computation <input type="checkbox"/> mailed <input type="checkbox"/> faxed? Please indicate the address or fax number in the space below:			
Mail or fax to address/phone number below: Human Resources Service Center Southwest Benefits and Performance Branch, Code 516 525 B Street, Suite 600 San Diego, CA 92101-4418 Telephone: (619) 615-5554 Fax: (619) 615-5548			

Current health and life insurance enrollment is included in estimate, if eligible.

CIVIL SERVICE RETIREMENT SYSTEM (CSRS) DEPOSIT SERVICE

Deposit service is creditable CSRS service for which CSRS retirement deductions were not withheld. Some examples of appointments where CSRS deductions are generally not withheld are temporary appointments, Temporary Appointment Pending Establishment of Register (TAPER), or indefinite appointments.

Deposit service can also be service that was not considered Federal employment at the time it was performed, but the law changed to allow credit for retirement annuity computation purposes.

HOW DEPOSIT SERVICE PERFORMED PRIOR TO OCTOBER 1, 1982 IS CREDITED TOWARD CSRS RETIREMENT

If the deposit service was performed prior to October 1, 1982, the service is fully creditable for meeting the length of service requirements for retirement eligibility. If you do not pay the deposit, your retirement annuity will be reduced annually by 10 percent of the amount you owe as a deposit. This is a lifetime reduction and affects the amount of your survivor annuity, as well as your annuity.

If you pay the deposit, there is no reduction in your annuity or survivor annuity.

HOW DEPOSIT SERVICE PERFORMED ON OR AFTER OCTOBER 1, 1982 IS CREDITED TOWARD CSRS RETIREMENT

If the deposit service was performed on or after October 1, 1982, the service is fully creditable for meeting the length of service requirements for retirement eligibility. If you do not pay the deposit, the service will not be used in the computation of your retirement annuity.

If you pay the deposit, the service will be used in the computation of your retirement annuity and there will be no reduction in your annuity.

AMOUNT OF DEPOSIT

The amount of money you owe for CSRS deposit service is generally 7 percent (higher if creditable under a special retirement provision) of the basic pay that you earned during the period CSRS retirement deductions were not withheld, plus accrued interest.

HOW TO MAKE A DEPOSIT

If you want to make a deposit for service for which deductions were not withheld, you should complete an SF-2803, Application to Make Deposit or Redeposit and send it to the HRSC Southwest. The HRSC Southwest will review the form and forward it to the Office of Personnel Management (OPM). OPM will tell you how much you owe. You may pay the amount you owe in full or in installments of at least \$50. You cannot have the payments withheld from your biweekly salary; you must make payments directly to OPM.

You should submit a deposit application only if you intend to make a payment. The HRSC Southwest can prepare an estimate of the amount of deposit you owe to help you decide whether you want to make the deposit.

ADDITIONAL INFORMATION

The HRSC Southwest can answer questions that you may have regarding crediting deposit service toward CSRS retirement and provide you with the form you need.

HRSC Southwest Employee Benefits Guide

Civil Service Retirement System

CIVIL SERVICE RETIREMENT SYSTEM (CSRS) REDEPOSIT SERVICE

Redeposit service is creditable CSRS civilian service for which CSRS retirement deductions were withheld, but refunded after a separation from Federal service.

HOW REDEPOSIT SERVICE PERFORMED PRIOR TO OCTOBER 1, 1990 IS CREDITED TOWARD CSRS OPTIONAL RETIREMENT

If you have service performed prior to October 1, 1990 for which you received a refund of retirement deductions and make a redeposit:

1. The service is fully creditable for meeting the length of service requirements for retirement eligibility; and
2. The service will be used to determine your retirement annuity.

If you have service performed prior to October 1, 1990 for which you received a refund of retirement deductions and do not make a redeposit:

1. The service is fully creditable for meeting the length of service requirements for retirement eligibility, but
2. The retirement annuity will be actuarially reduced based on the amount of redeposit that you owe and your age at retirement. The actuarial reduction affects only your retirement annuity. Full benefits are payable to your survivors.

To determine the amount of the actuarial reduction, divide the amount of redeposit due at the time of retirement by the present value factor for the retiree's age at the time of retirement.

Example: If the amount of redeposit owed is \$7,000 and the retiree's age is 55, the present value factor would be 208.5 (from the present value chart). The amount that the annuity would be reduced is \$34 per month or \$396 per year.

$$\frac{\text{Redeposit owed}}{\text{Actuarial factor}} = \frac{\$7,000}{208.5} = \$33.57 \text{ per month reduction}$$

CSRS PRESENT VALUE FACTORS

AGE AT RETIREMENT	REDUCTION FACTOR	AGE AT RETIREMENT	REDUCTION FACTOR	AGE AT RETIREMENT	REDUCTION FACTOR	AGE AT RETIREMENT	REDUCTION FACTOR
40	271.2	53	218.2	66	156.8	79	90.9
41	267.1	54	213.5	67	152.0	80	86.2
42	263.3	55	208.5	68	147.1	81	81.6
43	259.9	56	204.0	69	142.3	82	77.1
44	256.5	57	199.4	70	137.1	83	72.8
45	252.5	58	194.7	71	131.9	84	68.7
46	248.4	59	190.2	72	126.7	85	64.7
47	244.4	60	186.1	73	121.5	86	61.0
48	240.2	61	181.2	74	116.2	87	57.4
49	235.8	62	176.0	75	111.0	88	54.1
50	230.9	63	171.3	76	105.9	89	50.9
51	226.7	64	166.4	77	100.8	90	47.9
52	222.6	65	161.5	78	95.8		

HOW REDEPOSIT SERVICE PERFORMED ON OR AFTER OCTOBER 1, 1990 IS CREDITED TOWARD CSRS OPTIONAL RETIREMENT

If you have service performed on or after October 1, 1990 for which you received a refund of retirement deductions and make a redeposit:

1. The service is fully creditable for meeting the length of service requirements for retirement eligibility; and
2. The service will be used to determine your retirement annuity.

If you have service performed on or after October 1, 1990 for which you received a refund of retirement deductions and do not make a redeposit:

1. The service is fully creditable for meeting the length of service requirements for retirement eligibility; but
2. The service is not used to determine your retirement annuity.

HOW REDEPOSIT SERVICE IS CREDITED TOWARD DISABILITY RETIREMENT

If you have service for which you received a refund of retirement deductions, you can credit this service toward eligibility for disability retirement, but you must make a redeposit to have the service included in your disability retirement annuity computation.

AMOUNT OF REDEPOSIT

The amount of redeposit that you owe is equal to the amount of money that was refunded to you plus accrued interest.

HOW TO MAKE A REDEPOSIT

If you want to make a redeposit for service for which deductions were withheld and later refunded, you should complete an SF-2803, Application to Make Deposit or Redeposit and send it to the HRSC Southwest. The HRSC Southwest will review the form and forward it to the Office of Personnel Management (OPM). OPM will tell you how much you owe. You may pay the amount to you owe in full or in installments of at least \$50. You cannot have the payments withheld from your biweekly salary, you must make payments directly to OPM.

You should submit the redeposit application only if you intend to make a payment. The HRSC Southwest can prepare an estimate of the amount of redeposit you owe to help you decide whether you want to make the redeposit.

ADDITIONAL INFORMATION

The HRSC Southwest can answer questions that you may have regarding crediting redeposit service toward CSRS retirement and provide you with the form that you will need.

HRSC Southwest Employee Benefits Guide

Civil Service Retirement System

CREDITING MILITARY SERVICE TOWARD CIVIL SERVICE RETIREMENT SYSTEM (CSRS) RETIREMENT

Unless you are retired military, honorable active duty military service performed before January 1, 1957 is creditable for CSRS retirement purposes. If you want to credit military service performed after December 31, 1956 (post-1956 military service) toward CSRS retirement, you must meet the regulatory requirements described below. The requirements for crediting post-1956 military service for CSRS retirement depend upon the date you were first employed under CSRS.

IF YOU WERE FIRST EMPLOYED UNDER CSRS BEFORE OCTOBER 1, 1982

If you were first employed under CSRS prior to October 1, 1982, eligibility to receive Social Security benefits at age 62 determines what rules apply to your post-1956 service. The Social Security Administration can advise you regarding your eligibility to receive Social Security benefits at age 62.

If you will be eligible for Social Security at age 62 you have two options:

1. You can make a deposit for post-1956 service and the service will be used for retirement eligibility and annuity calculations and avoid a reduction at age 62; or
2. You can decide not to make a deposit for post-1956 service and the service will be used for retirement eligibility and annuity calculations only until age 62. At age 62 this service will be deducted from your total years of service and your CSRS annuity will be recalculated based only on your years of civilian service. This is commonly referred to as "catch 62" since it affects retirees at age 62.

If you will not be eligible for Social Security at age 62 and you were first employed under CSRS before October 1, 1982, you do not need to make a deposit for post-1956 military service. Post-1956 military service will be used to meet length of service requirements for CSRS retirement eligibility and monthly retirement annuity benefits. At age 62 there will be no reduction in your CSRS annuity.

If you die as an employee, your surviving spouse will have the option to make a deposit for your military service for purposes of calculation of survivor benefits.

IF YOU WERE FIRST EMPLOYED UNDER CSRS ON OR AFTER OCTOBER 1, 1982

If you were first employed under CSRS on or after October 1, 1982, eligibility for Social Security benefits at age 62 is not a factor. A deposit is always required to credit post-1956 military service

toward CSRS retirement length of service requirements and monthly retirement annuity computations. If you do not make a deposit, you will receive no credit for either purpose.

If you die as an employee, your surviving spouse must make a deposit for your post-1956 military service to have the service credited in the computation of the survivor benefit.

IF YOU ARE RETIRED FROM MILITARY SERVICE

If you are retired from the military, you cannot credit any military service toward CSRS retirement unless you waive your retired military pay.

The only exception to this rule would be if you are receiving retired military pay that is awarded:

1. Because of a service connected disability incurred in combat with an enemy of the United States; or
2. Because of a service connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or
3. Under the reserve retiree provisions.

If your military retirement is based on one of these exceptions, you may make a deposit for post-1956 military service and will not be required to waive your retired military pay.

If you make a deposit for post-1956 military service and decide not to waive your retired military pay, you may request a refund of the post-1956 payments from the Office of Personnel Management (OPM) at the time of your separation.

PROCEDURES TO MAKE A DEPOSIT FOR MILITARY SERVICE

To receive credit for post-1956 military service toward CSRS retirement, the following procedures should be followed:

1. Request Military Earnings. Since military basic pay is the basis for determining deposit amounts, you should request a statement of military earnings from your military finance center. The statement of earnings will facilitate other decisions in the future (e.g., unanticipated retirement and survivor benefit claims). You can request a statement of military earnings by completing an OPM form RI 20-97, Estimated Earnings During Military Service (available from HRSC Southwest) and sending it to the appropriate military finance center. All DD-214s, Report of Transfer or Discharge must be attached to the request. If you request an earnings statement, this does not obligate you to make a deposit.

2. Forward Completed Application. Once you receive the earnings statement from the military finance center, send it and the completed SF-2803, CSRS Application to Make Deposit or Redeposit (also available from the HRSC Southwest) to the HRSC Southwest. The amount of deposit required is 7% of the military base pay earned during the post-1956 service, plus interest. Interest began on October 1, 1985, or two years after you were first hired in a CSRS covered position, whichever is later. Interest is computed at a variable interest rate and no interest is actually charged if the deposit is completed before the end of the year after interest begins. The HRSC Southwest will review the completed forms and forward them to your Defense Finance Accounting

Service (DFAS) office. Completing the application does not obligate you to make or complete the deposit.

3. Make Deposit. DFAS will provide you with a statement on the amount of deposit and any interest owed. You may make the deposit in lump sum payment or installment payments of no less than \$25 each. Payments can begin at any time you choose. Further, if you decide not to make the full deposit, you may stop payments at any time. Upon your separation from Federal service, you may apply for a refund of the deposit that has not been completed. If you decide to make the deposit for your post-56 military service, you must complete the deposit before OPM finalizes your retirement application (approximately 31 days after separation). When you have paid the deposit in full, you will receive a receipt from DFAS. You should forward a copy of the receipt to the HRSC Southwest to be filed in your Official Personnel Folder.

ADDITIONAL INFORMATION

HRSC Southwest can answer questions that you may have regarding crediting post-1956 military service toward CSRS retirement and provide you with forms that you will need.

CREDITING MILITARY SERVICE TOWARD FEDERAL EMPLOYEES' RETIREMENT SYSTEM (FERS) RETIREMENT

Unless you are retired military, honorable active duty military service performed before January 1, 1957 is creditable for FERS retirement purposes. If you want to credit military service performed after December 31, 1956 (post-1956 military service) toward FERS retirement, you must make a deposit equal to 3% of the military base pay earned during the post-1956 service, plus interest. If you do not make a deposit, the service will not be used to determine length of service for retirement eligibility or compute annuity entitlements.

If you die as an employee, your surviving spouse must make a deposit for your post-1956 military service to have the service credited in the computation of the survivor benefit.

If you converted to FERS with five or more years of Civil Service Retirement System (CSRS) civilian service, you continue to be covered under CSRS rules for military deposits. Please refer to HRSC Southwest Employee Benefits Guide-Crediting Military Service Toward CSRS Retirement for additional information.

IF YOU ARE RETIRED FROM MILITARY SERVICE

If you are retired from the military, you cannot credit any military service toward FERS retirement unless you waive your retired military pay.

The only exception to this rule would be if you are receiving retired military pay that is awarded:

1. Because of a service connected disability incurred in combat with an enemy of the United States; or
2. Because of a service connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or
3. Under the reserve retiree provisions.

If your military retirement is based on one of these exceptions, you may make a deposit for post-1956 military service and will not be required to waive your retired military pay.

If you make a deposit for post-1956 military service and decide not to waive your retired military pay, you may request a refund of the post-1956 payments from the Office of Personnel Management (OPM) at the time of your separation.

PROCEDURES TO MAKE A DEPOSIT FOR MILITARY SERVICE

To receive credit for post-1956 military service toward FERS retirement, the following procedures should be followed:

1. **Request Military Earnings.** Since military basic pay is the basis for determining deposit amounts, you should request a statement of military earnings from your military finance center. The statement of earnings will facilitate other decisions in the future (e.g., unanticipated retirement and survivor benefit claims). You can request a statement of military earnings by completing an OPM Form RI 20-97, Estimated Earnings During Military Service (available from the HRSC Southwest) and sending it to the appropriate military finance center. All DD-214s, Report of Transfer or Discharge must be attached to the request. If you request an earnings statement, this does not obligate you to make a deposit.

2. **Forward Completed Application.** Once you receive the earnings statement from the finance center, send it and the completed SF-3108 Application to Make Service Credit Payment for Civilian Service (also available from the HRSC Southwest) to the HRSC Southwest. The amount of deposit required is 3% of the military base pay earned during the post-1956 service, plus interest. Interest began on January 1, 1989, or two years after you were first hired in a FERS covered position, whichever is later. Interest is computed at a variable interest rate and no interest is actually charged if the deposit is completed before the end of the year after interest begins. The HRSC Southwest will review the completed forms and forward them to your Defense Finance Accounting Service (DFAS) office. Completing the application does not obligate you to make or complete the deposit.

3. **Make Deposit.** DFAS will provide you with a statement on the amount of deposit and any interest owed. You may make the deposit in lump sum payment or installment payments of no less than \$25 each. Payments can begin at any time you choose. Further, if you decide not to make the full deposit, you may stop payments at any time. Upon your separation from Federal service, you may apply for a refund of the deposit that has not been completed. If you decide to make the deposit for your post-56 military service, you must complete the deposit before OPM finalizes your retirement application (approximately 31 days after separation). When you have paid the deposit in full, you will receive a receipt from DFAS. You should forward a copy of the receipt to the HRSC Southwest to be filed in your Official Personnel Folder.

ADDITIONAL INFORMATION

HRSC Southwest can answer questions that you may have regarding crediting post-1956 military service toward FERS retirement and provide you with forms that you will need.